

Arizona Department of Water Resources  
**GROUNDWATER USERS ADVISORY COUNCIL**  
Tucson Active Management Area  
Kenneth Seasholes, Area Director



DEE T. O'NEILL  
Chair

DAVID MODEER  
Vice-Chair

JOHN MAWHINNEY

JON POST

CHUCK SWEET

**Minutes**  
**November 21, 2005**

**Members Present:**

Dee O'Neill, Chair  
David Modeer, Vice-Chair  
John Mawhinney  
Jon Post

**Tucson Staff Present:**

Kenneth Seasholes  
Mary Bauer  
John Bodenchuk  
Joe Forish, Intern  
Laura Grignano  
Diane Kusel  
Linda Stitzer  
Jeff Tannler  
Virginia Welford  
Dawne Wilson

**Phoenix Staff Present:**

Perry Benemelis  
Sandy Fabritz-Whitney

**Others:**

Mike Caporaso, Westland Resources, Inc.  
Janet Lea Carr, Southern Arizona Water Users Association  
Frank Cassidy, Town of Marana  
Kathleen Chavez, Pima County  
Brad DeSpain, Town of Marana  
Nancy Freeman, Groundwater Awareness League  
Greg Hess, Pima Association of Governments  
Eric Holler, Bureau of Reclamation  
Kenny Larson – DOTCC – Holy Hope Cemetery  
Val Little, Water CASA  
Thomas Martinez, Westland Resources, Inc.  
Sharon Megdal, University of Arizona  
Mark Myers, Consultant – Marana  
Dennis Rule, Tucson Water  
Philip Saletta, Oro Valley Water Utility  
Sydney Smith, Cortaro-Marana Irrigation District  
Cynthia Stefanovic, AZ State Land Dept.  
Warren Tenney, Metro Water District  
Steve Weatherspoon, Chandler & Udall LLP  
Tracy Young, Community Water Company of Green Valley

**1. Call to Order**

Chairperson, Dee O'Neill called the meeting to order at 9:35 a.m. Introductions were made.

**2. Approval of Minutes**

David Modeer made a motion to approve the minutes of September 16, 2005. John Mawhinney seconded the motion. The minutes were unanimously approved.

**3. Arizona Water Banking Authority (AWBA) 2006 Annual Plan of Operation**

Sandy Fabritz-Whitney, Assistant Director, Water Management Division, ADWR, presented an overview of the AWBA's 2006 Annual Plan of Operation. Each year the GUAC provides advice to the AWBA on where and how it intends to store water. Water orders need to be submitted to the Central Arizona Water Conservation District (CAWCD) by October 1<sup>st</sup>. Once orders are in, the AWBA can finalize its plan of operation. The plan allocates intrastate deliveries and interstate storage that will be done on behalf of Southern Nevada Water Authority. In spite of efforts to maximize storage, the total projected amount of unused CAP water next year is approximately 125,000 acre-feet.

In the Phoenix AMA there is a significant drop in the utilization of Groundwater Savings Facilities (GSFs). This is primarily due to many of the GSF entities finding partners other than the AWBA.

Intrastate storage in the Pinal AMA is limited by funding from the 4-cent ad valorem tax and withdrawal fees. Because of the large amount of storage capacity in Pinal's facilities, a significant amount of interstate storage has occurred in its GSFs.

Funding is also an issue in the Tucson AMA, and this limits the amount of water that is available for intrastate storage; therefore a significant increase in interstate storage has occurred in its Underground Storage Facilities (USFs). Currently, there is no intrastate or interstate storage in Tucson's GSFs, but it is anticipated that this may change with storage occurring at the Kai facility and possibly BKW.

Mr. Seasholes recapped the Institutional Policy Advisory Group (IPAG) recommendation to the GUAC for prioritizing intrastate storage. CAVSARP and Pima Mine Road would be utilized first, with the remaining water going to Marana-area facilities. The GUAC also endorsed the IPAG recommendation to the CAWCD that the capital recharge fee that is assessed for interstate storage at state demonstration projects be utilized in the Tucson AMA for additional storage.

Mr. Mawhinney mentioned the AWBA's \$100 million fund associated with interstate storage. In the future the money may be required to satisfy the storage obligation for Nevada, and approximately \$20 million has been used to pre-purchase water. However, to date there has been no overall policy set on how these funds will be used. The AWBA is working with the state treasurer to look at possible investment options for some of the money.

Mr. Mawhinney suggested that the GUAC consider making recommendations to the AWBA on ways to prioritize the spending of the fund and that a policy objective stating the priorities be incorporated into the annual plan of operation. It was decided that this issue could be brought to the IPAG for technical review and placed on a future GUAC agenda for discussion.

#### **4. Colorado River Shortage Sharing Update**

Perry Benemelis, Manager of ADWR's Colorado River Management Section, provided an update on the Colorado River shortage sharing work. Initial discussions started in 2004 when critical reservoir conditions were being experienced at Lake Powell. Over the last several months ADWR has been intensively involved in a stakeholder process to develop a shortage recommendation.

One of the goals of the stakeholder process is to develop a recommendation regarding the volume of shortage. The recommendation would run through 2016, which corresponds with the time when the interim surplus guidelines expire. Another goal is to recommend how the shortage will be shared among priority users within Arizona.

The U.S. Bureau of Reclamation (USBR) set December 2007 as the process timeline for developing shortage guidelines and for a record of decision. The USBR has been very clear in discussions with ADWR that it would like to have the seven basin states come to agreement on a recommendation that could then move forward.

Probability/volume based shortage alternatives and tiered shortage volumes based on reservoir elevations are the two types of alternatives that have been analyzed throughout the process. Preliminary reductions between 400K and 600K acre-feet are being evaluated based on particular elevations at Lake Mead. Relying on elevations would allow water users to look at elevation data on the USBR website to anticipate upcoming reductions. Probability based alternatives are more difficult to determine. There is a modeling process that would have to be done, and it is unlikely that it would be known whether a shortage reduction would occur until the annual operating plan process began.

Reservoir inflow, upper and lower basin demand and selected shortage strategies were evaluated as probability factors that could contribute to the risk of shortage. Much of the process has been balancing different risks and impacts. With low volume shortage reduction scenarios there is minimal improvement in reservoir storage, the planned shortage amount may be exceeded in order to protect reservoir elevations, and the shortage durations are longer. On the other hand, high volume shortage scenarios may reduce water deliveries more than is necessary to improve reservoir storage.

In January 2006 the stakeholders' workgroup will discuss its preliminary recommendation, which is the tiered shortage reduction between 400K and 600K acre-feet. Not much progress has been made on how shortage should be shared between CAP users and on-river users. Availability of alternate water supplies is one of the unresolved issues - CAP users may have alternate supplies, whereas on-river users may not. The Director has requested that a small group brainstorm and come up with recommendations on how shortage will be shared.

**5. Review of ADWR's Policy Clarification Regarding Transfers of CAP Municipal and Industrial Water Subcontract Entitlements**

Perry Benemelis reported on the policy clarification regarding transfers of CAP M&I water subcontract entitlements. A public meeting was held on December 10, 2005 where the policy clarification was presented. Public comments should be submitted no later than December 12, 2005.

The policy has been in place since 1996 and 15 transfer actions have been analyzed using it. Issues with the proposed Flowing Wells transfer prompted ADWR to review the policy and work toward clarifying some of its ambiguities.

One way in which the policy was clarified was by the removal of specific assured water supply terms. All proposals to transfer CAP water must meet ADWR's water management objectives, review criteria, and decision guideline priorities. How ADWR evaluates the impact of transferring a CAGR member's replenishment obligation has been clarified, and priority is given to keeping water available to the area for which it was originally allocated.

The review and public notice requirements have also been clarified. If another entity is taking over a service area, there is no public notice requirement. When information is received for conveyances and relinquishments, it is advertised once a week for two consecutive weeks. After the second advertisement, comments are taken for 30 days.

Questions have also been raised about the relationship between the transfer policy and the process for reallocating NIA-priority CAP. Ms. Benemelis noted that this is a separate process that is initiated by the Arizona Water Rights Settlement, and ADWR cannot make a recommendation to the Secretary of Interior prior to January 1, 2010. There will be unique issues relating to this process, along with extensive public input to develop criteria for dealing with reallocations.

There have also been questions raised regarding the CAGR Plan of Operation. This is also a separate process from the CAP M&I transfer policy.

At this point the floor was opened to questions and comments on the proposed policy clarification. David Modeer stated that he believes the clarification policy is an extremely bad step by ADWR. In his view it reverses in its entirety the goal of assured water supply, which was the reason for the CAP and many of the rules adopted for sustaining a long-term water supply for the region. The proposed policy would only address meeting existing demand, thereby making it nearly impossible for a municipality to secure a CAP supply for future needs.

Mr. Modeer continued by stating that there is nothing in ADWR policy that indicates NIA reallocation is a separate procedure, and he highly doubts there would be any other mechanism adopted in the future for reallocation of NIA water. If the proposed policy is adopted as written, it will force a number of municipalities to reexamine how an assured water supply will be secured.

Brad DeSpain, Marana Water Department, stated that he believes ADWR has done an excellent job with clarifying the policy, and the Town of Marana supports it.

Dennis Rule, Tucson Water Department, commented that he views the transfer policy as new, not simply a clarification. Since there is no reference to assured water supply, he asked how ADWR is going to determine the need for CAP water to meet demand. He said he is not able to determine what this policy clarification means and how an entity may be affected by it.

Perry Benemelis responded that the transfer policy's goals and objectives are intended to be clear and appropriate, and that they apply to everyone. She acknowledged that there are going to be entities that qualify for a transfer and others that may not, based on the policy's guidelines.

Steve Weatherspoon, Chandler & Udall LLP, believes that those with existing M&I subcontracts feel entitled to priority for additional M&I CAP water. He questioned why these entities should not have to participate in the allocation process just as those without a subcontract will do. He believes the clarification policy recognizes this.

Mr. Modeer responded by stating that none of the municipalities with existing subcontracts have ever said they wanted first priority of additional M&I CAP water, but would like a level playing field, which the proposed policy does not provide.

Ms. Benemelis concluded by thanking everyone for providing their input and concerns and reiterated that written comments should be submitted to ADWR by December 12, 2005.

**6. Area Director's Report**

There was no report given.

**7. Public Comment**

Mr. Mawhinney inquired about the progress on the issue of utilizing the capital recharge fees from interstate storage. As a member of the CAWCD Board, Mr. Modeer indicated he has not heard anything.

Mr. Mawhinney also inquired about when ADWR's Fourth Management Plan process would begin. Ms. Fabritz-Whitney responded that it is anticipated it would begin early next year. Internal discussions have started on the scope and direction for the plan, which includes ascertaining where the Phoenix, Tucson and Prescott AMAs are in terms of meeting safe-yield and how close the goals of the Pinal and Santa Cruz AMAs are being met.

**8. Date and Agenda for Next Meeting**

The next meeting will occur mid to late January 2006. Potential agenda items include: municipal use of CAP supplies; issues surrounding effluent; assured water supply and well rule revisions.

**9. Adjournment**

The meeting was adjourned at 11:10 a.m.